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C O N F I D E N T I A L SECTION 01 OF 02 QUITO 001177

SIPDIS

DEPARTMENT PLEASE PASS TO USOAS

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SUBJECT: ECUADOR: FM AND MINDEF MEETINGS

Classified By: Ambassador Kristie A. Kenney, for reasons 1.4 (b&d).

11. (C) Summary: The Ambassador met separately with FM Parra and MinDef Espinosa on May 19. Parra expressed hope for the strongest possible relations with the U.S., and pledged MFA support for successful FTA negotiations. He expressed GOE discomfort with language in the draft OAS resolution, said the GOE had not decided on its candidate for Ambassador to the U.S., and said he would not be traveling soon to Colombia to meet with his counterpart, contrary to press reports. Parra also said he was undecided whether to attend the upcoming Ft. Lauderdale OASGA. The Ambassador urged Parra to accept a credible OAS resolution and develop fluid relations with his Colombian and Peruvian counterparts, and told him that the GOE must do more to combat TIP or face USG sanctions. Espinosa also expressed hope for good relations with the United States. He explained his recent replacement of the Army chief, outlined his goals, and signaled GOE lack of interest in an Article 98 agreement. End Summary.

FM Parra Staying Close to Home

12. (C) The Ambassador and DCM lunched with FM Antonio Parra and VFM Marcelo Fernandez de Cordova at her residence on May 19. Parra said a busy schedule in Quito would prevent him from traveling May 21 to Colombia to meet with his counterpart, contrary to erroneous press reports. The Ambassador suggested he develop close relations with both Colombian and Peruvian counterparts, to permit fluid communications. Parra said events in Quito might also keep him away from the OASGA in Ft. Lauderdale June 5-7. After all, he said, the GOE did not support any candidate for OAS Assistant SecGen, and the agenda for Ft. Lauderdale seemed thin. Parra expressed concern that the OAS resolution on the change of government here not "put Ecuador under a cloud" by offering new oversight mechanisms. He agreed with the Ambassador, however, that a forward-looking, credible resolution could be helpful, and said he would study the issue further.

13. (C) The Ambassador thanked the GOE for its rapid approval of agreement for the U.S. Ambassador-designate. Unfortunately, our process for agreement usually took longer, but we would do our best to expedite it. Parra said the post of Ambassador to the U.S. was still vacant. The GOE is searching for a candidate of "great prestige." The Ambassador said it was important for the candidate to enjoy President Palacio's and FM Parra's confidence.

14. (C) The Ambassador also thanked the ministry for its rapid turnaround of USG requests for maritime interdiction cooperation, and its agreement to cede jurisdiction over the Colombian national in the Simon Bolivar case. VFM Fernandez agreed that bilateral maritime cooperation was working well. Shifting to economic themes, Parra said he was a proponent of the FTA and the MFA would play a supportive role to the Ministry of Commerce, which had the lead in negotiations. Unfortunately, unhelpful misperceptions exist in Ecuador which need to be countered with public information campaigns.

15. (C) The Ambassador told Parra that Ecuador was facing Tier III sanctions for its lack of effort to combat trafficking in persons (TIP). Parra and Fernandez both seemed surprised to learn this, and clearly had only vague conceptions about TIP as an issue. The Ambassador referred them to the efforts of their underlings on the issue, offered to provide background information, and urged the GOE to seize the opportunity of a negative report to redouble GOE efforts to combat this scourge. Parra pledged to do so, and welcomed an Embassy briefing on TIP.

MinDef Rebuilding Mil Prestige

16. (C) Gen. (ret.) Solon Espinoza invited the Ambassador to breakfast with him in his office on May 19. He told her that he had replaced Army Chief Ubillus the day before because he lost confidence in Ubillus' loyalty. Espinoza said that President Palacio had agreed with his decision, and, after Espinoza offered to resign, also agreed that Col. (ret.) Jorge Brito's responsibilities should not include military

security issues. Espinoza would be the exclusive advisor to the president on these issues. Palacio denied having offered the controversial Brito a position with cabinet rank, and immediately called him in to clear the air with Espinoza present. Espinoza said no further changes were contemplated in the military leadership, but added that he would not hesitate to replace any officer in whom he loses confidence.

17. (C) The Ambassador ventured that Brito and Patricio Acosta, both linked to Chavez and Acosta proven corrupt, were not worthy of GOE confidence. Espinoza agreed, saying President Palacio was troubled by their presence in his administration. Espinoza also agreed to reach out to his Colombian and Peruvian counterparts, to prevent misunderstandings and build confidence.

18. (C) Espinosa outlined the following priorities for his term as MinDef:

- recuperate the military's prestige, which has declined following ten years of political instability and political plotting;

- to bring military codes and procedures into compliance with the 1998 constitution;

- to ensure the military fulfills its professional and constitutional role without deviation (an allusion to the military's role in the downfall of Gutierrez); and,

- to streamline and audit military finances.

19. (C) Espinoza said that while the military benefits from a cut from national oil revenues from parastatal Petroecuador, it receives no such benefit from private oil companies. Many of those companies benefit from security provided by the military. He concluded the meeting saying that while the GOE sought strong relations with the U.S., every country must pursue its own interests. Ecuadorian political debate over sovereignty concerns are exaggerated in today's globalized world, he said. Ecuador needs to think globally, and as a fundamental tenet of its foreign policy would continue to support international institutions of justice.

Comment  
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10. (C) Parra and Espinoza are cabinet members we respect and are coming to trust. Espinosa is clearly a man of principle and a welcome ally against Bolivarian inroads (in the persons of Brito and Patricio Acosta) in this administration. Parra seems a genuine ally in our efforts to smooth this administration's rougher edges. Both men were convincing when professing hope for strong bilateral relations, within limits. Espinoza's comments on globalization clearly signaled that Article 98 is not within those limits. His hint that foreign companies should somehow contribute to the military budget is another cause for concern.

KENNEY